

**THE FISCAL FEASIBILITY
OF THE
INCORPORATION
OF
CASTRO VALLEY**

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INTRODUCTION

This report was prepared by the Castro Valley Study Committee at the request of the Local Agency Formation Commission. The purpose of this report is to provide an assessment of the feasibility of incorporating the community of Castro Valley.

The Commission established the Committee in June of 1989 after denying the Alameda County Board of Supervisor's request to place the Castro Valley incorporation issue on the November, 1989 ballot. The Commission's intent was to bring together proponents and opponents for incorporation, Local Agency Formation Commission representatives and local government professionals to conduct an independent assessment of the feasibility of incorporating Castro Valley.

The Committee met on eight occasions to review and evaluate previous incorporation studies and to conduct in-depth interviews with representatives of the Castro Valley Fire Protection District, the Castro Valley Sanitary District, the Alameda County Sheriff's Office and the Alameda County Administrator's Office.

The Committee wants to thank those agencies and individuals who cooperated with the preparation of this report for their time and assistance.

COMMITTEE APPROACH AND FINANCIAL ASSUMPTIONS

The central questions addressed by the Committee in evaluating the financial feasibility of the incorporation of Castro Valley were: What services should the proposed city provide? At what level? and are revenues sufficient to cover costs including revenue reserve requirements.

In other words, should the city provide only the municipal services of administration/finance, police, public works, planning and community development as recommended in the 1985 study conducted by Angus McDonald, or should it also provide fire protection and sanitary services as recommended in the 1989 study by the Local Agency Formation Commission staff?

In order to examine each of these issues, the Committee reviewed the following studies which were conducted over the last six years. These included:

- "Castro Valley Incorporation Feasibility Study," prepared by Angus McDonald & Associates, April 1985
- "Feasibility Study of Incorporation of Castro Valley - Update," prepared by LAFCO Staff, March 1988.
- "Report to the Local Agency Formation Commission Regarding the Proposed Reorganization," prepared by LAFCO Staff, April 1989.

While each of these studies calculated financial feasibility assuming service levels would be the same as provided by the County, the Committee took a different approach. By contrast, it established the service levels based on an analysis of each service, the experience of similar size cities, and the

judgments and experience of the Committee consisting of elected officials, local government administrators and area residents of the Castro Valley community.

Similarly, with regard to the scope of services, the Committee conducted an in-depth analysis of the Castro Valley Fire Protection District and the Castro Valley Sanitary District and their source of financing. Comparisons of cost with similar size cities were made and advantages and disadvantages from both a program and fiscal standpoint were considered.

Finally, the Committee examined the financial assumptions and methodologies used in each of the above-mentioned studies. Through this review, adjustments were made in the following revenue and cost assumptions for calculating financial feasibility.

A. Revenue Estimate Adjustments

1. Property tax growth was forecast at 3% real growth rate, rather than held constant.
2. Use of money was calculated at 8%, rather than 3%.
3. Revenues from construction permits were calculated at cost plus 15%, rather than at cost.
4. Measure B road improvement funds were estimated at \$243,145; no estimate of this revenue sources was included in prior studies.
5. The Proposition 111 gas tax revenues approved in June, 1990 were estimated at: 90/91, \$118,860; 91/92, \$185,220; 92/93, \$214,620; 93/94, \$242,760; 94/95, \$263,340; and \$263,340 thereafter.
6. The Committee included a motel/hotel tax estimated at \$135,000; no estimate of this revenue sources was included in prior studies.
7. All state subventions were recalculated as of fiscal year 1989/90;
8. All revenue estimates were updated into 1989/90 dollars, including state sales tax data provided by the State Board of Equalization; and
9. A reserve fund of 10% of expenditures was established by the Committee; no reserve account was established in prior studies.

B. Expenditure Adjustments

1. All personnel costs were updated in 1989/90 dollars with comparable salaries of similar size cities.
2. A senior zoning position was added to the Building Inspection program.
3. The receptionist/clerk position in Administration Finance was changed to an account clerk.
4. A capital improvements fund was established; no fund was included in prior studies.

5. Road maintenance costs were restricted to maintenance activities; no capital improvement costs were included as done in previous studies.

It should be noted that other revenue sources such as development fees and increases in business license fees were considered by the Committee but concluded to be too speculative to make a revenue estimate for these categories.

FINDINGS

The following summarizes the major service areas considered by the Committee, with an emphasis on the consequence to the proposed city. The focus is on ongoing costs and revenues associated with a level of service the Committee determined to be appropriate for Castro Valley (see Table I). Unlike prior studies, the analysis includes a Capital Improvement Fund and Reserves that the Committee believes is necessary to meet the ongoing operational needs of the proposed city.

A. Public Service Expenditures

1. General Fund Expenditures--Table II summarizes the details on staffing levels, salaries and benefit costs and contract costs and supplies and service costs for each of the service areas for the first full year of operation in 1991-92.
 - a. Legislative--Total legislative costs are estimated at \$48,830. A general law city is required to have 5 council members, who formulate the city's policies to be implemented by city staff. Council salaries, excluding Retirement, Workers' Compensation, and Group Insurance, are established by state statutes based on the population of the city. Council costs are estimated at \$24,000 (\$400 per council member per month). In addition, operating supplies, memberships and travel are estimated at a total of \$24,830.
 - b. Administrative/Finance--The city administration and finance budget includes salary and benefits for four positions: City Manager/City Clerk, Secretary to the City Manager, Finance Director/City Treasurer, and Receptionist/Account Clerk. These costs are estimated at \$280,440. These individuals would carry out all city functions that are mandated by state law, including general management and administration, collection and disbursement of city funds and budget preparation. This budget unit also includes annual expenditures for a city attorney (assumed to be contracted) and an annual audit, "city hall" operating expenses, and other supplies and service charges are estimated at \$347,000.
 - c. Police--Police protection could be provided under contract by the Alameda County Sheriff's Department. According to information provided by the County, contract costs are estimated at \$3,407,043. This figure includes \$3,018,273 for police protection that would allow four patrol units to be assigned at a given time within Castro Valley, which is the current level of services. Traffic enforcement

and vehicle accident investigation presently provided by the California Highway Patrol could be provided by the Sheriff's Department and handled by five traffic deputies at a cost of \$388,770.

It should be noted that while these cost estimates for police and traffic enforcement were calculated separately, the Committee believes that improved efficiency in services may be achieved through the consolidation into one law enforcement agency responsibility for traffic enforcement and police services.

- d. Community Development--The Community Development Department would provide current and advanced planning services. These services would include a review of development applications and maintenance of the city's general plan. A \$100,000 allowance for the general plan is included in the 1991/92 budget. The department would be staffed by a community development director, one associate planner and a department secretary. Policy direction would come from both the City Council and a 5-member planning commission. Expenditures for this budget unit are estimated at \$181,425 for staff and \$17,000 for operations for a total of \$198,425 (excludes \$100,000 general plan cost).
- e. Building Inspection--Building inspection services would be provided by one senior building inspector, two building inspectors, and a clerk. Staff costs are estimated at \$220,999, while operations are estimated at \$14,500, for a total budget unit cost of \$235,499.
- f. Public Works Administration--The Public Works Director and a department secretary would be responsible for administration of maintenance and engineering services and would undertake other public works and engineering activities as required. Staff costs are estimated at \$124,230 with operations costs of \$20,500, for a total budget unit cost of \$144,730.
- g. Animal Control--It is anticipated that the proposed city would contract with Alameda County for animal control. The contract cost would be partially offset by dog license revenues collected within the proposed city. Net animal costs were not available at this time, however, are expected to be insignificant and not have any effect on the conclusions of this report.
- h. Road Maintenance--Road maintenance services would become the responsibility of the proposed city, and this study assumes that they would be provided by the Alameda County Public Works Agency on a contract basis. The estimated cost for road maintenance totaled \$1,342,391 in fiscal year 1989/90, according to the Alameda County Public Works Department.
- i. Crossing Guards--It was estimated that the proposed city would spend \$56,500 for crossing guard salaries in the Castro Valley area.

- j. Other Costs--Under present state law, the city is responsible for repayment of first-year transition cost to the County of Alameda. These costs would include the Sheriff's Department, Planning Department and Road Maintenance for a total of \$5,497,087, or \$1,099,417 annually over a 5-year period (refer to Appendix I for transition cost calculation).
- k. Capital Improvements--The Committee believes the City should have an annual Capital Improvement Fund of approximately \$1,000,000 for such expenditures as road and facility improvements and capital equipment.
- l. Reserve for Operation and Contingency--The Committee believes the City should have a 10% reserve based on operating expenditures. If the city were to assume responsibility for the fire protection district, its reserve requirements are estimated at \$1,224,198, in comparison to \$618,402 without the Castro Valley Fire Protection District included.

2. Special District Expenditures

- a. Fire Protection Services--Fire protection services are currently provided by the Castro Valley Fire Protection District. During fiscal year 1989/90, the annual appropriation for the District amounted to \$6,057,966, of which \$2,165,768 was offset by property tax revenue, fees and available fund balance. The difference between the cost and these revenues of the District, \$3,892,198, reflects revenues allocated by the Board of Supervisors to the District from the County's special district augmentation fund (SDAF).

The special district augmentation fund was created by the state to help support special districts in the post-Proposition 13 funding climate. To stay within the Proposition 13 tax limits, property taxes were shifted from school districts to a pool of funds to be allocated to special districts by the Board of Supervisors. The property taxes were shifted to the SDAF pool in proportion to the needs of each county special district during the prior year.

In the Committee's examination of the Fire District, it concluded that placing the District under the governance of the city as recommended by LAFCO staff would be the preferred organizational option. Such an alignment would centralize accountability and authority for the District and would enhance planning and coordination of land use and fire protection services. Under this option, the property tax base revenues contributed to the SDAF, and historically associated with the Castro Valley Fire Protection District, would be directly allocated to the city. In fiscal year 1989/90, these contributions amounted to \$1,862,618.

The Committee noted in its review of the Special District Augmentation Fund, a major source of funding the District, that the County has a growing demand on this fund for Countywide Special District needs. The County is currently undertaking a fire district

study including an evaluation of District consolidation in an effort to improve services and reduce costs. However, the Committee believes that given the financial demands on the County, more revenues from Castro Valley community through a tax override may be needed to maintain the current level of fire protection services with or without incorporation.

- b. Castro Valley Sanitary District--The Sanitary District is an independent district with its own elected board of directors. In the Committee's evaluation of the potential reorganization of the District as a subsidiary district of the city, as recommended in the LAFCO staff report, it found that there would be an estimated \$124,000 in staff and administrative cost savings to the city in addition to the use of District property and corporation yard for the city's public works activities. However, the Committee concluded that reorganization could adversely impact the District with the potential to divert District staff to the city's public works, road and maintenance activities. Therefore, the Committee does not recommend that the District be merged with the city at this time. However, the City, as a general purpose government in the area, will have a prior claim to the \$267,914 in East Bay Scavenger Franchise fees presently received by the District. Therefore, these fees have been included under General Purpose Revenues in Table III.

B. PUBLIC SERVICES REVENUES

1. General Fund--Table III indicates that the City's first full fiscal year of revenue accruals (1991/92), general fund revenues would total \$7,215,393.

Revenue amounts for fiscal year 1990/91 thru 1992/93 reflect a minimum growth in the proposed city's tax base. Based upon a comparison of sales tax revenues in 1985 when the original report was prepared, sales tax has only increased by \$70,000 over this period, well below the rate of inflation.

As cited earlier in the report, the Committee added new revenue sources from bed tax charged on hotel and motel occupants. In addition, construction permits were calculated at cost plus 15%. Lastly, no data was available on a updated fines, forfeits and penalties by the preparation of this report. Therefore this category or revenue source may be lower than actual experience.

2. Road Fund--Road fund revenues would accrue from a variety of sources. Highway user tax revenues (Section 2106, 2107, 2107.5) are shared with all incorporated cities in California. The proposed city would be entitled to charge for a number of services now provided within the community and collected by the Alameda County Public Works Agency.

In addition, the Committee determined that based upon the legal opinion by the attorney for the Alameda County Transportation Authority, that the city would be entitled to receive \$230,988 per year in Measure B funds for road improvements. In addition, the City would receive state Proposition 111 gas tax revenues estimated at \$185,220 in 1991/92.

3. Traffic Safety Fund--Fines, forfeitures and penalties estimated at \$26,040, are the only source of revenues accumulating to the Traffic Safety Fund. State of California law requires that fines, forfeitures and penalties within the Traffic Safety Fund be used only for traffic safety activities.
4. Fire District Fund--Table III shows the property tax revenues and the contributing portion of the SDAF fund the city would receive upon the reorganization of the District. Other revenue sources includes fees received by the District and available fund balance the District anticipated for fiscal year 1990/91 and projected forward.

Total revenues received by the city for the District are estimated at \$4,128,708 for the first full year of operation.

SUMMARY OF FISCAL FEASIBILITY FINDINGS

If the city assumes responsibility for municipal services including the Castro Valley Fire Protection District (Table IV), the city would incur a deficit the first full year of operation of \$1,350,909. Therefore, incorporation is not feasible under this situation despite being the preferred organizational option.

Under an organizational option without the Fire Protection District (Table V), the city would have an annual net balance of \$548,059 the first full year of operation. Under this organizational structure, the Committee found that the City would satisfy the legal requirements under state law; namely, the ability to meet three years of financial obligations for identified services and provide for a reasonable reserve.

Over the long run, the City Council will need to be prudent and cautious in its financial management. While the City is financially feasible, without the fire district, they will still have to make a concerted effort to maintain revenues and plan for the loss in eight years of \$1.6 million in State subventions (see Appendix I).

The Committee believes the loss can be made up since the City will no longer be responsible for the 5-year transition cost annually estimated at \$1,099,417 and is expected to have generated an annual operating surplus averaging approximately \$500,000 per year. However, the City will still need to examine options for cost efficiency (such as consolidation of police and traffic investigation) and look at revenue enhancements such as development fees or other sources of revenue.

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ATTACHMENT I

PERSONNEL SUMMARY FOR CASTRO VALLEY

	<u>1990/91</u>	<u>1991/92</u>	<u>1992/93</u>
Department: Legislative Position			
City Council Member	<u>5</u>	<u>5</u>	<u>5</u>
Subtotal Personnel Requirements	5	5	5
Department: Administrative/Finance Position			
City Manager	1	1	1
Sec. to City Manager	1	1	1
Treasurer/Finance Director	0	1	1
Receptionist/Clerk	<u>0</u>	<u>1</u>	<u>1</u>
Subtotal Personnel Requirements	2	4	4
Department: Community Development Positions(*)			
Community Development Director	.5	1	1
Associated Planner	0	1	1
Department Secretary	0	1	1
Planning Commissioner	<u>0</u>	<u>5</u>	<u>5</u>
Subtotal Personnel Requirements	.5	8	8
Department: Building Inspection Positions(*)			
Senior Building Inspector	0	1	1
Building Inspector	0	2	2
Clerk II	<u>0</u>	<u>1</u>	<u>1</u>
Subtotal Personnel Requirements	0	4	4
Department: Public Works Administration(*)			
Positions			
Public Works Director	0	1	1
Department Secretary	<u>0</u>	<u>1</u>	<u>1</u>
Subtotal Personnel Requirements	0	2	2
Contract Positions			
City Attorney	1	1	1
Law Enforcement(*)			
- Captain	0	1	1
- Secretary	0	1	1
- Clerk II	0	3	3
- Lieutenant	0	2	2
- Sergeant	0	7	7
- Officer	<u>0</u>	<u>25</u>	<u>25</u>
Subtotal Contract Positions	1	40	40
Department: All Budget Units Positions			
Legislative	5	5	5
Administrative/Finance	2	4	4
Community Development	.5	8	8
Building Inspection	0	4	4
Public Works Administration	0	2	2
Contract Positions	<u>1</u>	<u>40</u>	<u>40</u>
Total Positions	8.5	63	63

*Provided by County during first-year transition period 1990/91.

TABLE II
EXPENDITURES FOR CITY OF CASTRO VALLEY
GENERAL FUND

	<u>1990/91</u>	<u>1991/92</u>	<u>1992/93</u>
<u>Department: Legislative</u>			
Staff: City Council Member*	\$ 24,000	\$ 24,000	\$ 24,000
Subtotal Staff	24,000	24,000	24,000
Operations: Operating Supplies & Misc.	2,180	2,180	2,180
Membership	9,150	9,150	9,150
Travel Conf.	13,500	13,500	13,500
Subtotal Operations	24,830	24,830	24,830
Total Department Cost	48,830	48,830	48,830
<u>Department: Administrative/Finance</u>			
Staff: City Manager	92,500	92,500	92,500
Secretary to City Manager	38,000	38,000	38,000
Treasurer/Finance Director	0	72,500	72,500
Account Clerk	0	25,000	25,000
Benefits at 23%	30,015	52,440	52,400
Subtotal Staff	160,515	280,440	280,440
Operations: Attorney (contract)	60,000	60,000	60,000
Mgr./Dept. Head Search	30,000	20,000	0
Rent, Maint. Utilities	60,000	60,000	60,000
Insurance	75,000	150,000	150,000
Annual Audit	30,000	30,000	30,000
Supplies and Misc.	20,250	27,000	27,000
Subtotal Operations	275,250	347,000	327,000
Total Department Cost	435,765	627,440	607,440
<u>Department: Law Enforcement</u>			
Police (contract)	0	3,018,273	3,018,273
Traffic Control (contract)	0	388,770	388,770
Total Department Cost	\$ 0	\$ 3,407,043	\$ 3,407,043

*Council members' salaries do not include costs for Retirement, Workers' Compensation and Group Insurance.

COST FOR CITY OF CASTRO VALLEY

	<u>1990/91</u>	<u>1991/92</u>	<u>1992/93</u>
<u>Department: Community Development</u>			
<u>Staff:</u> Community Development Director	\$ 35,500	\$ 71,000	\$ 71,000
Associated Planner	0	48,000	48,000
Department Secretary	0	28,500	28,500
Planning Commission	0	0	0
Benefits at 23%	<u>8,165</u>	<u>33,925</u>	<u>33,925</u>
Subtotal Staff	43,665	181,425	181,425
<u>Operations</u> Operating Supplies	4,250	17,000	17,000
General Plan	<u>0</u>	<u>100,000</u>	<u>0</u>
Subtotal Operations	4,250	117,000	17,000
Total Department Cost	47,915	298,425	198,425
<u>Department: Building Inspection</u>			
<u>Staff:</u> Senior Building Inspector	0	52,000	52,000
Building Inspector (2)	0	96,924	96,924
Clerk II	0	30,750	30,750
Benefits at 23%	<u>0</u>	<u>41,325</u>	<u>41,325</u>
Subtotal Staff	0	220,999	220,999
<u>Operations:</u> Supplies/Misc.	<u>0</u>	<u>14,500</u>	<u>14,500</u>
Total Department Cost	0	235,499	235,499
<u>Department: Public Works Administration</u>			
<u>Staff:</u> Public Works Director	0	72,500	72,500
Department Secretary	0	28,500	28,500
Benefits at 23%	<u>0</u>	<u>23,230</u>	<u>23,230</u>
Subtotal Staff	0	124,230	124,230
<u>Operations:</u> Supplies & Misc.	<u>0</u>	<u>20,500</u>	<u>20,500</u>
Total Department Cost	0	144,730	144,730
<u>Department: Animal Control</u>			
<u>Operations:</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Department Cost	0	0	0
<u>Capital and Reserve Set Aside</u>			
Capital improvement fund	1,000,000	1,000,000	1,000,000
Reserve Set Aside (10%)			
- with Fire District	1,224,198	0	0
- without Fire District	618,402	0	0
<u>Other Costs</u>			
First-Year Transition Costs	1,099,417	1,099,417	1,099,417

COST FOR CITY OF CASTRO VALLEY

ROAD FUND

	<u>1990/91</u>	<u>1991/92</u>	<u>1992/93</u>
<u>Department: Road Maintenance</u>			
<u>Operations: Street Maintenance</u>	\$ <u>0</u>	<u>\$1,342,391</u>	<u>\$1,342,391</u>
Subtotal Operations	0	1,342,391	1,342,391

TRAFFIC SAFETY FUND

<u>Department: Crossing Guards</u>			
<u>Operations: Crossing Guards</u>	<u>0</u>	<u>56,500</u>	<u>56,500</u>
Total Department Costs	0	56,500	56,500

FIRE PROTECTION SUBSIDIARY DISTRICT

<u>Department: Fire Protection*</u>			
CV Fire Protection District	2,927,186	5,854,373	5,854,373
Zone 1	<u>101,797</u>	<u>203,593</u>	<u>203,593</u>
Total Department Costs	3,028,983	6,057,966	6,057,966

*City assumes Fire Protection District January 1, 1991

TABLE III
SUMMARY OF CITY OF CASTRO VALLEY REVENUES⁽¹⁾

	1990/91	1991/92	1992/93
<u>General Fund:</u>			
Property Tax	\$ 0	\$1,877,190	\$1,933,506
Sales Tax	806,200	1,320,500	1,254,475
Property Tax Transfer ⁽²⁾	59,700	59,103	56,148
Franchise	347,014	426,114	426,114
Business License Fees	1,300	1,300	1,300
Construction Permits	0	214,820	214,820
Zoning Permits	0	5,100	5,100
Fines, Forfeits & Penalties	78,000	78,000	78,000
Charges for Current Services	0	43,200	43,200
Cigarette Tax	109,441	99,591	90,628
Vehicle Tax	2,220,102	2,611,885	2,611,885
Hotel/Motel Tax	67,500	135,000	235,000
Use of Money	<u>184,463</u>	<u>343,590</u>	<u>342,509</u>
Subtotal	3,873,720	7,215,393	7,192,687
<u>Road Fund:</u>			
Fuel Tax 2106	330,489	305,702	282,774
Fuel Tax 2107	649,331	600,631	555,584
Fuel Tax 2107.5	6,700	6,298	5,920
Measure B	243,145	230,988	219,439
Proposition 111	118,860	185,220	214,620
Charges for Current Services	134,000	134,000	134,000
Use of Money	<u>74,126</u>	<u>73,142</u>	<u>70,617</u>
Subtotal	1,556,651	1,535,981	1,482,954
<u>Traffic Safety Fund:</u>			
Fines, Forfeitures & Permits	24,800	24,800	24,000
Use of Money	<u>1,240</u>	<u>1,240</u>	<u>1,240</u>
Subtotal	26,040	26,040	26,040
<u>Revenue Reserve</u>			
Use of Money	30,920	30,920	30,920
Subtotal Without District	<u>5,456,411</u>	<u>8,808,334</u>	<u>8,732,601</u>
<u>Fire District Fund</u>			
CVPD Property Tax	546,274	1,092,548	1,092,548
CVPD Zone 1 Property Tax	32,094	64,187	64,187
SDAF	931,309	1,862,618	1,862,618
Other	456,375	912,750	912,750
Use of Money	<u>98,303</u>	<u>196,605</u>	<u>196,605</u>
Subtotal	2,064,354	4,128,708	4,128,708
<u>Reserve</u>			
Use of Money	61,210	61,210	61,210
Total With Fire Protection District	<u>7,551,055</u>	<u>12,967,332</u>	<u>12,891,599</u>

- (1) An annual 4% deflation rate was used for revenues, such as property tax, highway user tax, cigarette tax, that do not keep pace with inflation.
- (2) The property tax transfer revenues may be low and require further evaluation.
- (3) Franchise fees include East Bay Scavenger, Cable and Utility fees.

TABLE IV

EXPENDITURES/REVENUES FOR CITY OF CASTRO VALLEY
WITH CASTRO VALLEY FIRE PROECTION DISTRICT

	<u>1990/91</u>	<u>1991/92</u>	<u>1992/93</u>
<u>Expenditures & Reserve Set Aside</u>			
<u>All Budget Unit Summary</u>			
Legislative	\$ 48,830	\$ 48,830	\$ 48,830
Administrative/Finance	435,765	627,440	607,440
Law Enforcement	0	3,407,043	3,407,043
Community Development	47,915	298,425	298,425
Building Inspection	0	235,499	235,499
Public Works Administration	0	144,730	144,730
Animal Control	0	0	0
Road Maintenance/Capital Projects	0	1,342,391	1,342,391
Crossing Guards	<u>0</u>	<u>56,500</u>	<u>56,500</u>
Subtotal	532,510	6,160,858	6,140,858
Castro Valley FPD - Subsidiary District	3,028,983	6,057,966	6,057,966
First-Year Transition Costs (5 Years)	1,099,417	1,099,417	1,099,417
Capital Improvement Fund	1,000,000	1,000,000	1,000,000
Reserve Set-Aside (10%)	<u>1,224,198</u>	<u>0</u>	<u>0</u>
Total Expenditures and Reserve Req.	6,885,108	14,318,241	14,298,241
<u>Revenues</u>	<u>(7,551,055)</u>	<u>(12,967,332)</u>	<u>(12,891,599)</u>
<u>Annual Balance</u>	<u>665,947</u>	<u>(1,350,909)</u>	<u>(1,406,642)</u>
<u>Cumulative Balance</u>	665,947	(684,962)	(2,091,604)

TABLE V

EXPENDITURES/REVENUES FOR CITY OF CASTRO VALLEY
WITHOUT CASTRO VALLEY FIRE PROTECTION DISTRICT

	<u>1990/91</u>	<u>1991/92</u>	<u>1992/93</u>
<u>Expenditures & Reserve Set Aside</u>			
<u>All Budget Unit Summary</u>			
Legislative	\$ 48,830	\$ 48,830	\$ 48,830
Administrative/Finance	435,765	627,440	607,440
Law Enforcement	0	3,407,043	3,407,043
Community Development	47,915	298,425	298,425
Building Inspection	0	235,499	235,499
Public Works Administration	0	144,730	144,730
Animal Control	0	0	0
Road Maintenance/Capital Projects	0	1,342,391	1,342,391
Crossing Guards	<u>0</u>	<u>56,500</u>	<u>56,500</u>
Subtotal	532,510	6,160,858	6,140,858
First-Year Transition Costs (5 Years)	1,099,417	1,099,417	1,099,417
Capital Improvement Fund	1,000,000	1,000,000	1,000,000
Reserve Site Aside (10%)	<u>618,402</u>	<u>0</u>	<u>0</u>
Total Expenditures and Reserve Req.	3,250,329	8,260,275	8,240,275
<u>Revenues</u>	<u>(5,456,411)</u>	<u>(8,808,334)</u>	<u>(8,732,601)</u>
<u>Annual Balance</u>	<u>2,206,082</u>	<u>548,059</u>	<u>492,326</u>
<u>Cumulative Balance</u>	2,206,082	2,754,141	3,246,467

TABLE 1

Estimated population for 1970 and 1980
with 1970 census data and 1980 census data

1970 Census		1980 Census		Estimated population for 1970 and 1980	
Area	Population	Area	Population	Area	Population
Alaska	266,000	Alaska	266,000	Alaska	266,000
Arizona	1,293,000	Arizona	1,293,000	Arizona	1,293,000
California	15,976,000	California	15,976,000	California	15,976,000
Colorado	2,307,000	Colorado	2,307,000	Colorado	2,307,000
Connecticut	2,587,000	Connecticut	2,587,000	Connecticut	2,587,000
Delaware	554,000	Delaware	554,000	Delaware	554,000
District of Columbia	595,000	District of Columbia	595,000	District of Columbia	595,000
Florida	8,136,000	Florida	8,136,000	Florida	8,136,000
Georgia	4,043,000	Georgia	4,043,000	Georgia	4,043,000
Hawaii	1,293,000	Hawaii	1,293,000	Hawaii	1,293,000
Idaho	1,293,000	Idaho	1,293,000	Idaho	1,293,000
Illinois	11,980,000	Illinois	11,980,000	Illinois	11,980,000
Indiana	4,625,000	Indiana	4,625,000	Indiana	4,625,000
Iowa	2,912,000	Iowa	2,912,000	Iowa	2,912,000
Kansas	2,307,000	Kansas	2,307,000	Kansas	2,307,000
Kentucky	3,549,000	Kentucky	3,549,000	Kentucky	3,549,000
Louisiana	3,111,000	Louisiana	3,111,000	Louisiana	3,111,000
Maine	1,293,000	Maine	1,293,000	Maine	1,293,000
Maryland	2,587,000	Maryland	2,587,000	Maryland	2,587,000
Massachusetts	5,950,000	Massachusetts	5,950,000	Massachusetts	5,950,000
Michigan	9,876,000	Michigan	9,876,000	Michigan	9,876,000
Minnesota	4,625,000	Minnesota	4,625,000	Minnesota	4,625,000
Mississippi	2,307,000	Mississippi	2,307,000	Mississippi	2,307,000
Missouri	5,950,000	Missouri	5,950,000	Missouri	5,950,000
Montana	1,293,000	Montana	1,293,000	Montana	1,293,000
Nebraska	1,293,000	Nebraska	1,293,000	Nebraska	1,293,000
Nevada	1,293,000	Nevada	1,293,000	Nevada	1,293,000
New Hampshire	1,293,000	New Hampshire	1,293,000	New Hampshire	1,293,000
New Jersey	8,136,000	New Jersey	8,136,000	New Jersey	8,136,000
New Mexico	1,293,000	New Mexico	1,293,000	New Mexico	1,293,000
New York	19,876,000	New York	19,876,000	New York	19,876,000
North Carolina	6,789,000	North Carolina	6,789,000	North Carolina	6,789,000
North Dakota	1,293,000	North Dakota	1,293,000	North Dakota	1,293,000
Ohio	11,980,000	Ohio	11,980,000	Ohio	11,980,000
Oklahoma	1,293,000	Oklahoma	1,293,000	Oklahoma	1,293,000
Oregon	1,293,000	Oregon	1,293,000	Oregon	1,293,000
Pennsylvania	11,980,000	Pennsylvania	11,980,000	Pennsylvania	11,980,000
Rhode Island	1,293,000	Rhode Island	1,293,000	Rhode Island	1,293,000
South Carolina	2,307,000	South Carolina	2,307,000	South Carolina	2,307,000
South Dakota	1,293,000	South Dakota	1,293,000	South Dakota	1,293,000
Tennessee	4,625,000	Tennessee	4,625,000	Tennessee	4,625,000
Texas	11,980,000	Texas	11,980,000	Texas	11,980,000
Utah	1,293,000	Utah	1,293,000	Utah	1,293,000
Vermont	1,293,000	Vermont	1,293,000	Vermont	1,293,000
Virginia	4,625,000	Virginia	4,625,000	Virginia	4,625,000
Washington	4,625,000	Washington	4,625,000	Washington	4,625,000
West Virginia	1,293,000	West Virginia	1,293,000	West Virginia	1,293,000
Wisconsin	4,625,000	Wisconsin	4,625,000	Wisconsin	4,625,000
Wyoming	1,293,000	Wyoming	1,293,000	Wyoming	1,293,000

APPENDIX I

First-Year Transition Costs

The first-year transition cost is derived from costs assumed by the County during the City's start-up year in 1990/91. This is estimated at \$5,497,087 and is payable to the County over a five-year term.

Sheriff	\$3,407,043	
Planning Dept (Net)	257,653	
Building Inspection (net)	0	
Road Maintenance	<u>\$1,832,391</u>	
	\$5,497,087	Divided by 5 = <u>1,099,417</u>

After the fifth year, City expenditures will reflect the reduction of \$1,099,417.

State Subventions

The City receives revenues from the state during the first eight years based on three times the registered voters. After this period, the City would receive its state subvention revenues based on the actual population of the City. However, it should be noted that based on a recent state law, applications for incorporation filed with LAFCO after January 1, 1991, the base period is reduced from eight to five years.

Calculation

- 3 x Reg. Voters or
- Pop. 42,000

<u>Year</u>	<u>Population</u>	<u>3 X Registered Voters</u>	<u>Loss to City After the Eighth Fiscal</u>
1. Cigarette Tax	\$ 16,263 <u>53,760</u> 70,023	\$ 16,263 <u>93,178</u> 109,441	
2. In-Lieu Tax	1,506,960	2,611,885	
3. Gas Tax Revenue	374,640 <u>190,680</u> <u>2,142,303</u>	649,331 <u>330,489</u> <u>3,701,146</u>	<u>1,558,843</u>

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Electric Power Tax

The following information is for the year 1970. The amount of the tax is \$1,000.00. The amount of the tax is \$1,000.00. The amount of the tax is \$1,000.00.

The amount of the tax is \$1,000.00. The amount of the tax is \$1,000.00. The amount of the tax is \$1,000.00. The amount of the tax is \$1,000.00.

After the 1970 year, this amount will be the same as the amount of the tax is \$1,000.00.

Electric Power Tax

The city of Berkeley has a tax on the electric power used in the city. The amount of the tax is \$1,000.00. The amount of the tax is \$1,000.00. The amount of the tax is \$1,000.00.

Electric Power Tax

The amount of the tax is \$1,000.00. The amount of the tax is \$1,000.00. The amount of the tax is \$1,000.00. The amount of the tax is \$1,000.00.

Year	Electric Power Tax	Gas Tax	Water Tax	Other Taxes
1970	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
1971	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
1972	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
1973	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
1974	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
1975	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
1976	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
1977	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
1978	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
1979	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
1980	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00